





# Research to Royalties



## RESEARCH TO ROYALTIES (\$100M RESEARCH)

The flow chart shown above shows the way in which research is eventually translated into revenue, whether it is in the form of licenses or a start-up company. The chart shows that for \$100M of research, a very limited number of technologies are converted to lucrative license deals (lucrative defined here as > \$1M/yr.). In fact, only one lucrative deal results from 1.6 billion dollars of research. On average, each technology has \$2M of research invested into it. The money spent is from a combination of professor salary, graduate student stipends, materials used, purchasing/renting of the machinery used, power used to run equipment, electricity used to run the building which houses the equipment, and other miscellaneous costs.

Only half of the invention disclosures lead to patent applications, and half of the applications lead to some form of a license. In addition, approximately one of every forty disclosures leads to a start-up company.

One must keep in mind that the return on investment is much more far-reaching than simply monetary return. In seeking to protect intellectual property and seek out commercial potential, the goals are also to enrich the education of involved inventors and researchers, and to provide positive benefits to society. Nevertheless, an inventor's expectations should be based upon a benchmark of success similar to the model shown here in order to be realistic and to move forward with reasonable goals.